

Water Banking in the Western States

Peggy Clifford
Washington Dept. of Ecology

What is a Water Bank?



Water banking

Means the "deposit" of a water use entitlement with an entity that makes it available for withdrawal by the depositor or another person or entity, either at the same time and place or later in time or at another place.

Classical definition is with multiple buyers & sellers

“Water banking in its most generalized sense is “an institutionalized process specifically designed to facilitate the transfer of developed water to new uses.

Broadly speaking, a water bank is an intermediary. Like a broker, it seeks to bring together buyers and sellers.

Unlike a broker, however, it is an institutionalized process with known procedures and with some kind of public sanction for its activities.”

Lawrence J. MacDonnell,

“Water Banks: Untangling the Gordian Knot of Western Water,” 1995.

Water Banking Basics

- **Active in states around the Western U.S.**
 - **Many versions, but basically when water is exchanged in units**
 - **Washington state uses the Trust Program to implement**
- (Think of trust as a vault to hold water right between deposit and distribution)***

Use of the Trust Program

- Temporary or Permanent holding of water right by State 90.42.080(3) to avoid relinquishment
- For Beneficial Uses:
 - instream flows,
 - municipal, irrigation,
 - regional plans for pilot planning areas,
 - critical water supply problems 90.42.040(1)
- Requires public notice 90.42.040(5)

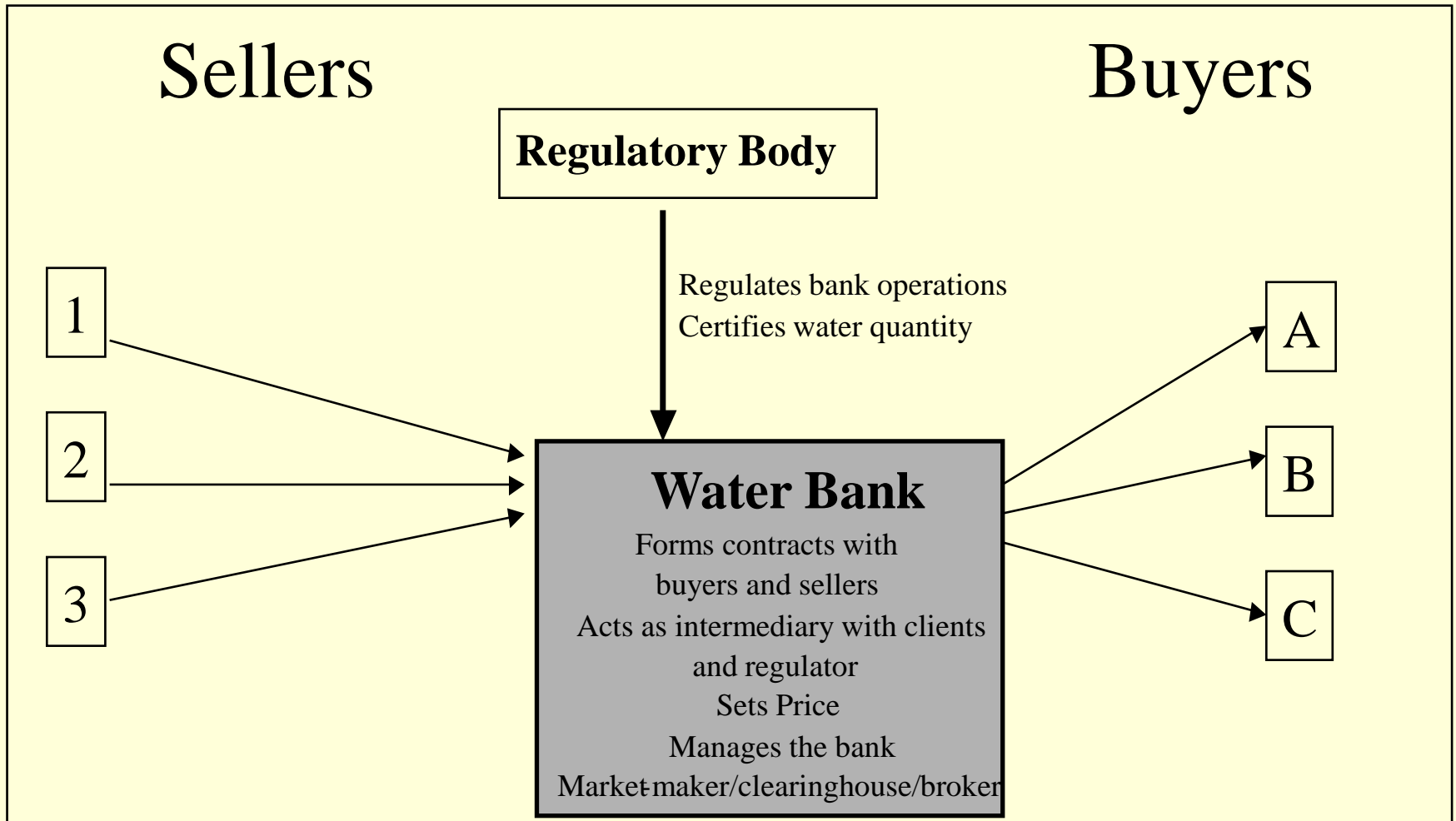
Water Banking Law

Water banking legislation in 2003:

Amended statewide Trust Statute (90.42) to authorize Ecology to use the state trust program to implement water banking in the Yakima River basin

Some ambiguity about application statewide

Water Banking



Purposes of Water Banking

- Create a reliable water supply, especially in dry years
- Promote conservation
- Maintain & increase in-stream flows in target areas
- Act as a market mechanism
- Ensure compliance with regulations, including intrastate agreements

Analysis of Water Banks In the Western States



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Authors: Peggy Clifford, Clay Landry, and Andrea Larsen-Hayden

<http://www.ecy.wa.gov/programs/wr/instream-flows/wtrbank.html>

States in Report

- Arizona
- California
- Colorado
- Idaho
- Montana
- Nevada
- New Mexico
- Oregon
- Texas
- Utah
- Washington
- Wyoming

Highlights of Programs in Other States

- Review of 12 states
- 23 Water Banking Programs in 2003
- Most were established after 1990
- 3 States have high activity programs (Idaho, Arizona, California)
- 15 banking programs had some degree of environmental objective
- All programs had some regulatory oversight

23 Water Banking Programs in the Western United States

State	Primary Banks	Initial Bank Activity
Arizona	Central Arizona Project Water Banking Program	1996
California	Drought Water Bank Dry-Year Purchasing Program Multiple Groundwater Banks	1991 2001
Colorado	Arkansas River Basin Bank	2002
Idaho	State Water Supply Bank 6 Rental Pools	1979 1932
Montana	No Banks	-
Nevada	Interstate Water Bank with Arizona Truckee Meadows Groundwater Bank	2002 2000
New Mexico	Pecos River Basin Water Bank Pecos River Acquisition Program ESA Mitigation on Pecos river	2002 1991 Proposed
Oregon	Deschutes Water Exchange – Groundwater Mitigation Bank	2003
Texas	Texas Water Bank Edwards Aquifer Authority Groundwater Trust	1993 2001
Utah	No Banks	-
Washington	Yakima Basin Water Exchange	2001
Wyoming	No Banks	-

Water Bank Functions

- Broker - connect or solicit buyers and sellers to create sales.
- Clearinghouse - serves mainly as a repository for bid and offer information, and facilitates the regulatory requirements for trades.
- Market Maker - takes a position in the market, i.e. the bank itself buys and sells water.

Arizona

- Central Arizona Project Water banking Program

Main purpose is to store Arizona's allotment of water from the Colorado River that they don't fully use

Long term storage credits for aquifer storage

California

- Drought Water Bank/Dry Year Purchasing Program – *on hold, maybe next year*
- Multiple Groundwater banks – *run by local public entities*
- Group trading arrangements for surface water

Colorado

- Arkansas River Basin Bank
Temporary leases
- Lower Arkansas Valley Super Ditch Co.
Agricultural Rotational Pool
- Private banks

Idaho

- State Water Supply bank
- Rental Pools
 - Lemhi River
 - Snake River
 - Boise River
 - Payette River
 - Lake Fork Creek
 - Shoshone-Bannock Tribal Water Bank

New Idaho Bank

Wood River Basin Enhancement Bank

2007 legislation,

Begins operation 7/1/08, sunsets in 2012

*Purpose: restore tributaries to the Big Wood River
by meeting minimum stream flows*

*Local committee pursuing voluntary donations
(7 so far)*

Findings from Report

- There is great variety in the structure, functions, and goals of existing water banks.
- Building a water market takes time
- Water banks work more efficiently at the sub-basin, watershed, or in some cases, multiple watershed level.

Issues to Consider

- Authority
- Administration
- Geographic Scope
- Costs
- Period to Establish
- Transparency
- Timing & Flexibility of transfers
- Pooling rights and group purchases
- Multiple agency review

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Water banking is an important tool to assist watershed planning efforts for enhancing in-stream flows and providing new water supply options